

## **EXHIBIT A**

**DECLARATION OF ANN M. O'LEARY IN SUPPORT OF DEFENDANTS'  
OPPOSITION TO MOTION FOR PRELIMINARY INJUNCTION**

## Brown nets "soft money" windfall

\$404,000 to group backing re-election avoids S.F. donor cap

Lance Williams and Chuck Finnie, OF THE EXAMINER STAFF

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**(09-07) 04:00 PDT SAN FRANCISCO** -- Developers and contracting firms that do millions of dollars of business at City Hall have pumped hundreds of thousands of dollars into an independent campaign to re-elect Mayor Willie Brown, according to city records.

The local head of the nonpartisan citizens lobby Common Cause says he thinks donors who have written checks for as much as \$10,000 to the San Francisco Democratic County Central Committee are trying to circumvent The City's tough campaign finance limits.

"The voters are going to have to judge whether this money passes the smell test," says Charles Marsteller of Common Cause-San Francisco.

City law bars donors from giving more than \$500 to a mayoral candidate. (An additional \$250 can be given in a runoff.)

But the law doesn't apply to so-called soft money donations to independent committees, entities whose efforts to elect a politician are not coordinated with the candidate's own campaign.

Since last year, the central committee has been gearing up what Chairwoman Natalie Berg called in a February interview a full court press to get Brown re-elected. The committee plans to distribute pro-Brown campaign literature and run an aggressive get-out-the-vote drive, she said.

To fund the effort, the committee has raised money at quadruple its normal pace, taking in \$404,000 in the first six months of 1999, according to records on file at City Hall.

### Big donors<

The central committee pulled in about \$150,000 at a single event - an Oscar Night party, emceed by Brown at the Fairmont Hotel, the records reflect.

The committee's donor list is studded with the names of firms that have city contracts or that are seeking permits - businesses whose bottom lines are dictated in part by city decisions.

The list also includes former law clients and longtime political backers of the mayor.

### Among the heaviest hitters:

'Montgomery Watson Inc., a Pasadena engineering firm, \$15,500. In 1998, the company won a \$5.2 million contract from the city Public Utilities Commission to upgrade a water treatment plant. A firm that is a partner on the project, AGS Inc., donated another \$1,000.

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Norcal, \$10,000. This former Brown law client holds a multimillion-dollar contract to haul The City's trash. In March, through a subsidiary, it obtained a 20-year lease from the Port of San Francisco for a trash recycling and hippling facility. While Brown was speaker of the state Assembly, the firm was among his most loyal supporters, paying him more than \$60,000 in legal fees and donating \$10,000 to his election campaigns, records show.

The Emerald Fund, \$10,000. Led by real estate developer Oz Erickson, the firm obtained \$30 million in state housing construction financing in 1998 with Brown's help. With a partner, it recently won the rights to build a waterfront hotel at what has been a Muni bus layover lot at Mission and Steuart streets.

AAI Corp., \$1,000, and San Francisco businessman James D. Jefferson's Primus Industries, \$5,000. The firms are partners on a \$172 million contract to supply the Municipal Railway with a new fleet of electric trolley buses. This year, AAI, through a joint venture with another bus maker, sought cash advances from The City after suffering huge financial losses in 1998 when flaws were found in vehicles the joint venture shipped to another transit agency.

Forest City Enterprises, \$10,000. The Cleveland-based firm is developer of a Market Street retail center to be anchored by Bloomingdale's, a project that requires a public subsidy in the form of Redevelopment Agency financing.

The company also is seeking to build a new cruise ship terminal at the port. Earlier this year, it failed to win Redevelopment Agency approval to build housing at the old Hunters Point Naval Shipyard. Forest City Co-Chairman Al Ratner is brother-in-law to Berg, the central committee's chairwoman.

### **Brown campaign's response**

In all, 95 percent of the committee's money came in donations of more than \$500 - contributions that would have violated The City's campaign donation limit if they had been made to Brown's re-election committee. The average donation was more than \$2,500.

Nearly half the money came from donors outside of San Francisco, and about \$48,000 of it from out of state.

The big donations are a cause for concern, says Marsteller of Common Cause. He says San Francisco voters have repeatedly sought to limit the influence big money has on local elections by supporting caps on donations.

The central committee's efforts appear an effort to exploit a legal loophole, he said - and to "circumvent campaign finance laws," as he put it.

Berg didn't return phone calls Friday.

P.J. Johnston, spokesman for Brown's re-election campaign, said the mayor's political apparatus has no input into the central committee's campaign: "The San Francisco Democratic Party operates completely separately from our campaign, and we have no idea what their activities are."

But he also said that Brown had earned the party's support.

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It just so happens that Willie Brown is one of the nation's most well-respected and effective Democrats," he said.

### **Brown's opponents<**

Directing a jab at mayoral candidate Clint Reilly, Johnston said the former political consultant had forfeited his shot at a Democratic Party endorsement because of his career of "representing anybody who'd pay him, which includes Republicans."

Reilly campaign spokesman Tom Pier retorted: "The simple fact is the San Francisco Democratic Central Committee is part of the Brown machine and is violating the spirit of election law through these activities."

For his re-election, Brown's own campaign committee has raised \$1.7 million, city records show.

Reilly has already spent about \$1.4 million - most of it his own money - on his campaign.

Former Mayor Frank Jordan, also seeking to oust Brown, has said he would spend no more than \$600,000 on his effort. No independent committees are known to have been formed to boost the campaigns of Reilly or Jordan.

### **Early endorsement<**

The central committee's big push for Brown began in 1998, when Brown helped incumbent Chairwoman Berg fend off a challenge from neighborhood activist Jane Morrison.

Shortly after that, with Berg's backing, Brown obtained the central committee's endorsement, even though the election itself was more than a year in the future and no opponents had declared their candidacy.

After that, the fund raising ramped up. City records reflect that the most money the central committee had ever raised in a single year was \$189,000 in 1996, when it campaigned locally for President Clinton's re-election.

But in the first half of 1999, the committee had already raised more than double that amount.

Fund raising was directed by Brown's fund-raiser, Carolyn Carpeneti, who was paid \$27,500 by the central committee this year.

Nearly half came from the Oscar night fund-raiser at the Fairmont, at which Brown and the campaign donors partied with former 49ers football stars Joe Montana, Keena Turner and Ronnie Lott.

The donor list is sprinkled with corporations that sought city approvals and support for business undertakings as well as long-time Brown supporters. Among them:

Pacific Telesis, which has sought permits to place antennas on buildings to enhance cell phone reception, gave \$5,000.

PG&E, a reliable, longtime Brown donor during his days in Sacramento, gave \$5,000. The company has lobbied against municipalization of utility service during Brown's term and sought approval to close or sell power plants in The City.

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Catellus, the former Brown law client that won city approval to develop the giant Mission Bay project after Brown was elected mayor, gave \$2,000.

Ron Cowan, the Alameda developer, a longtime client of Brown and business partner of the mayor in an East Bay real estate company, gave \$5,000 via his Doric Group firm.

John Roth, a former adult bookstore owner and mayoral pal, gave \$5,000 through his video duplicating service, Mediacycle. Brown appointed Roth's daughter to the Arts Commission.<

<http://sfgate.com/cgi-bin/article.cgi?f=/e/a/1999/09/07/NEWS6887.dtl>

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